UNITED STATES BANKRUPTCY COURT
DISTRICT OF MINNESOTA

In re:	**Jointly Administered under Case No. 08-45257**
Petters Company, Inc., et al.,	Court File No. 08-45257
Debtors.	Court File Nos.:
(includes:	
Petters Group Worldwide, LLC;	08-45258 (GFK)
PC Funding, LLC;	08-45326 (GFK)
Thousand Lakes, LLC;	08-45327 (GFK)
SPF Funding, LLC;	08-45328 (GFK)
PL Ltd., Inc.;	08-45329 (GFK)
Edge One, LLC;	08-45330 (GFK)
MGC Finance, Inc.;	08-45331 (GFK)
PAC Funding, LLC;	08-45371 (GFK)
Palm Beach Finance Holdings, Inc.)	08-45392 (GFK)
	Chapter 11 Cases Judge Gregory F. Kishel

RESPONSE OF THE UNSECURED CREDITORS COMMITTEE TO OBJECTION TO THE APPOINTMENT OF DOUGLAS A. KELLEY AS CHAPTER 11 TRUSTEE

The Official Committee of Unsecured Creditors (the "Committee") files this Response ("Response") to the objection by Ritchie Special Credit Investments, Ltd., Rhone Holdings II, Ltd., Yorkville Investment I, LLC, Ritchie Capital Structure Arbitrage Trading, Ltd., and Ritchie Capital Management, LLC (collectively, "Ritchie") to the U.S. Trustee's appointment of Douglas A. Kelley as Chapter 11 Trustee [Doc. No. 117]. In response to the objection, the Committee states and alleges as follows:

INTRODUCTION

In its objection to the appointment of Douglas A. Kelley ("Kelley") as Chapter 11 trustee, Ritchie makes several arguments in support of its claim that Kelley (or any other single Chapter 11 trustee) suffers from a conflict of interest in these cases. As described below, however, all of the alleged conflicts raised in Ritchie's objection are either: (1) factually incorrect, (2) legally incorrect, or (3) unknown at this time and based on speculation. For this reason, and because Kelley's appointment as the Chapter 11 trustee is in the best interests of creditors, the Committee requests that Ritchie's objection be overruled, and that Kelley's appointment be approved.

ARGUMENT

Section 1104(d) of the Bankruptcy Code provides that "[I]f the court orders the appointment of a trustee . . . then the United States trustee, after consultation with parties in interest, shall appoint, subject to the court's approval, one disinterested person . . . to serve as trustee . . . ." 11 U.S.C. § 1104(d). Under § 101(14), a "disinterested person" means a person that —

> (A) is not a creditor, an equity security holder, or an insider;
>
> (B) is not and was not, within 2 years before the date of the filing of the petition, a director, officer, or employee of the debtor; and
>
> (C) does not have an interest materially adverse to the interest of the estate or of any class of creditors or equity security holders, by reason of any direct or indirect relationship to, connection with, or interest in, the debtor, or for any other reason.

11 U.S.C. § 101(14).

In assessing whether a conflict exists, a trustee's dual representation of multiple interests does not, by itself, constitute a conflict of interest that would disqualify the trustee. Rather, to

constitute a disqualifying conflict, a trustee's interest must be "materially adverse" to the interests of the bankruptcy estate. Whether such a conflict exists is determined under the current facts of each case and must be substantiated in the evidentiary record before the court. *In re International Oil Co.*, 427 F.2d 186, 187 (2d Cir. 1970); *In re Global Marine, Inc.*, 108 B.R. 998, 1002 (Bankr. S.D. Tex. 1987). As a result, a disqualifying conflict must be based on current facts, and may not be based on mere speculation or future hypothetical facts. *See, e.g., In re BH&P, Inc.*, 949 F.2d 1300, 1311 (3d Cir. 1991) ("A majority of courts evaluating an alleged conflict of interest has adhered to the principal that before a trustee may be removed, some actual injury must be shown."); *In re MUMA Services, Inc.*, 286 B.R. 583, 590 (Bankr. D. Del. 2002) (refusing to disqualify counsel based on a purely speculative and hypothetical possibility of a conflict); *In re Hutter*, 215 B.R. 308, 313 (Bankr. D. Conn. 1997) (To constitute a disqualifying conflict, an alleged conflict "must be either 'actual or reasonably probable' and not 'merely theoretical, and its occurrence merely speculative.'"); *In re Lee Way Holding Co.*, 102 B.R. 616, 621 (S.D. Ohio 1989) (stating that an alleged speculative future conflict will not constitute a disqualifying conflict under the Bankruptcy Code).

Finally, unlike professionals employed under § 327, when determining whether a conflict exists for a trustee under § 101(14), an alleged conflict must be in the trustee's *personal* capacity, and not in his *representative* capacity:

> We do not believe that section 101(14) can or should be read to disqualify trustees because of action taken in a representative capacity. That section was, in our view, intended to mandate disqualification based on personal status, e.g., where those implicated are themselves creditors of the debtor or where they personally "have an interest" which is "materially adverse" under subparagraph [C].
>
> * * *

> Where section 327 explicitly applies to persons who hold *or represent* adverse interests, disqualifying both, section 101(14)[(C)] refers only to those who *have* disqualifying interests. We do not think that this difference in terminology was accidental.

In re BH&P, Inc., 949 F.2d 1300, 1310 n.12, 1311 (3d Cir. 1991). *See also In re O.P.M. Leasing Services, Inc.*, 16 B.R. 932, 938 (Bankr. S.D.N.Y. 1982) (Under § 101(14), "it is 'personal interests' that are forbidden . . . 'grounds for disapproval or removal of a trustee in bankruptcy are not to be found in his formal relationships.'") (internal citations omitted).

In its objection, Ritchie argues that Kelley should be disqualified as trustee for PGW based on the following alleged conflicts: (1) because inter-company claims exist between the bankruptcy estates of PCI and PGW; (2) because PGW is "innocent" and was not involved in PCI's fraud; (3) because PGW has distinct and separate creditors from PCI, who were not victims of PCI's fraud; (4) because as Chapter 11 trustee, Kelley has a fiduciary duty to all creditors of the Debtors' estates, not just to the victims of the Debtors' fraud; and (5) because as Receiver, Kelley has a duty to assist in the possible forfeiture of the Debtors' assets. As described below, however, all of these purported conflicts are either flatly contradicted by the available evidence, are legally incorrect, or are unknown and based entirely on speculation. For these reasons, Ritchie's objection should be overruled.

1. Any Inter-Company Claims Between PCI And PGW Are Not A Conflict Of Interest That Would Disqualify A Common Trustee.

In its objection, Ritchie argues that the possibility of inter-company claims between PCI and PGW requires the appointment of a separate trustee for PGW. Under the Bankruptcy Code, however, while it is common for related Chapter 11 debtors to have inter-company claims, it is well established the mere presence of inter-company claims is not a conflict of interest that requires the appointment of a separate trustee. As stated by the Third Circuit Court of Appeals:

> A standard for removal based on section 101(14)[C], that automatically disqualifies a trustee from serving in jointly administered cases where there are inter-debtor claims, is overbroad. While we recognize that cases involving multiple debtors served by a single trustee present special concerns requiring the trustee to balance competing interests with vigilance and guard against conflicts, we also recognize the reality that a single trustee is often able to maximize the return to jointly administered estates through increased economy and efficiency. Joint administration by a single trustee is commonplace in the scheme of bankruptcy administration and its positives often outweigh any negatives.

BH&P, 949 F.2d at 1310-11. *See In re International Oil Co.*, 427 F.2d 186, 187 (2d Cir. 1970) (holding that the fact that inter-company claims exist between related debtors is insufficient to require "saddl[ing] these estates with the expense of separate trustees and trustees' attorneys"); *In re Gilbertson Restaurants, LLC*, 2004 WL 1724878, *3 (Bankr. N.D. Iowa 2004) ("Chapter 11 inter-company claims among multiple, related business entities are not per se actual conflicts of interest."); *In re Global Marine, Inc.*, 108 B.R. 9981003 (Bankr. S.D. Tex. 1987) ("case law indicates that the presence of an inter-company claim does not create per se an actual conflict of interest."); *O.P.M.*, 16 B.R. at 939 ("Clearly *International Oil* puts an end to any argument that [a Chapter 11 trustee's] inter-company claim should disqualify him."). Therefore, while it is conceivable that inter-company claims may exist between the various Debtors in these cases, this fact does not justify requiring the appointment of a separate trustee.

Further, despite the concerns raised in Ritchie's objection, the appointment of a single trustee in these cases does not require the estates to be substantively consolidated or constitute a *de facto* piercing of the Debtors' corporate veil. The appointment of a common trustee does not prejudice creditors' right to either support or oppose substantive consolidation of the Debtors' estates. "Selection of a common trustee does not result in a substantive consolidation of the cases to any extent, but may well aid in expediting the cases and rendering the process less

costly." *In re Ben Franklin Retail Stores, Inc.*, 214 B.R. 852, 857 (Bankr. N.D. Ill. 1997). Accordingly, based on the above authorities, no conflict exists for appointing a common trustee and Ritchie's objection should be overruled.

2. Both PCI And PGW Were Indicted By A Federal Grand Jury As Being Part Of A Common Scheme To Defraud.

In addition to the above, Ritchie also argues that a separate trustee for PGW should be required because PGW is innocent and was not involved in PCI's fraud. *See* Objection, at 6 ("Furthermore, and critically, PCI was the vehicle for the fraud—not PGW."). While the full extent of the fraud in these cases is still unknown, the currently available evidence suggests that Ritchie's assertion that the fraud was limited to PCI, and did not involve PGW, is untrue.

At all relevant times, both PCI and PGW were 100% owned and controlled by Thomas J. Petters ("Petters"). Petters was the sole owner and president of PCI, and he was the sole owner, Chairman, and Chief Executive Officer of PGW. On December 1, 2008, Petters, PCI and PGW were indicted by a federal grand jury on charges of: (i) mail fraud, (ii) wire fraud, (iii) conspiracy to commit mail fraud and wire fraud, (iv) money laundering, and (v) conspiracy to commit money laundering, in violation of 18 U.S.C. §§ 371, 1341, 1343, 1956 and 1957. *See* Indictment, Doc. No. 75, *U.S.A. v. Petters et al.*, Case No. 08-cr-00364 (RHK-AJB) (D. Minn.). Throughout the indictment, the indictment specifically alleges that Petters used both PCI and PGW, as well as their subsidiary corporations, to orchestrate a massive Ponzi scheme to defraud investors out of billions of dollars. *See, e.g.,* Indictment, ¶ 5 ("Defendant Petters used defendants PCI and PGW and their affiliates, including subsidiary corporations, to execute an extensive fraud scheme."); *id.* ¶ 7 ("To induce investors to provide the funds, defendants Petters, PCI and PGW and their co-conspirators . . . made material misrepresentations and created false documentation, including purchase orders, invoices, bills of sale, wire transfer confirmations,

shipping documents, and financial statements, in order to trick investors into providing the defendants with billions of dollars."). In short, based on the currently available information (including the federal grand jury's indictment of PGW) there is simply no basis to assume that Petters' fraud was limited solely to PCI and did not involve PGW in any way.

Moreover, Ritchie is judicially estopped from asserting the need for separate trustees in this matter because that position is clearly inconsistent with an argument on which Ritchie prevailed in an earlier proceeding. *New Hampshire v. Maine*, 532 U.S. 742, 749-51 (2001). Ritchie successfully moved for the appointment of a joint receiver over both PCI and PGW before Judge Alexander White in the Circuit Court of Cook County, Illinois, and received an order granting such motion on October 6, 2008. A true and accurate copy of the Cook County order was submitted to this Court as Exhibit C-3 to Document Number 132. In its motion, Ritchie asked the Illinois Circuit Court to appoint a receiver "for the Collateral, including PGW and PCI and all its operations, with all of the usual powers of a receiver, …" A true and accurate copy of Ritchie's motion was submitted to this Court as Exhibit C-2 to Document Number 132. Because Ritchie previously took the position that a single receiver should oversee, manage and compile the assets of both PCI and PGW, and Ritchie succeeded in maintaining that position, Ritchie may not now assert a contrary argument "simply because [its] interests have changed." *New Hampshire v. Maine*, 532 U.S. at 749.

3. PCI And PGW Have Common Creditors.

Similarly, Ritchie also argues that separate trustees are required because PCI and PGW have distinct creditor constituencies, with PCI's creditors being victims of the fraud, while PGW's creditors are "non-victim" creditors based on legitimate contracts. *See* Objection, at 3 ("Additionally, the same person cannot be Trustee for all of the Debtors because the Debtors

have different creditor constituencies . . . ."), *id.* at 6 ("The conflict between the victims of the fraudulent scheme and other creditors arises primarily because creditors of PGW . . . were not victimized by the fraudulent scheme involving PCI.").

This claim, however, is entirely speculative at this time. As described above, both PCI and PGW were indicted as part of Petters' alleged fraud, so it is pure speculation to state with any degree of certainty that PCI's creditors are victims of the fraud while PGW's creditors are not. Moreover, a proof of claim filing deadline has not yet been established in these cases for non-government entities, so it is wholly unknown which creditors will file proofs of claim against which Debtors. While the Trustee, in preparing the Debtors' bankruptcy schedules, may have allocated specific creditors' claims to specific Debtors based on the parties' contracts, it is entirely possible that creditors will assert claims against multiple Debtors in these cases, including bringing claims based on tort theories. Under § 101(5), all of these creditors—both tort and contract—will possess "claims" against the various Debtors and it is highly unlikely that PCI and PGW will have completely distinct sets of creditors as Ritchie alleges. Instead, it is likely that the Debtors will have many overlapping and common creditors, which is further support for the appointment of a common trustee.

4. No Conflict Exists Between Kelley's Role As Chapter 11 Trustee And His Role As Receiver For The Non-Debtor Petters Defendants.

Ritchie also argues that Kelley should be disqualified from acting as trustee because his "role as Receiver for all victims of the alleged fraud . . . is in direct conflict with the fiduciary obligations of a Trustee for the Debtors, whose duty it is to advance the interests of *all* creditors of the Debtors (not just victims)." *See* Objection, at 1-2. This argument is based on Ritchie's assertion that Kelley, in his capacity as the Receiver for the Petters companies who are not in

bankruptcy,[1] will be required to take steps to assist in the forfeiture of estate assets to the detriment of the Debtors' creditors as a whole.

The Committee agrees with Ritchie that Kelley, as Chapter 11 trustee, has a fiduciary duty to act in the best interests of the Debtors' creditors as a whole. The Committee disagrees, however, with Ritchie's assertion that Kelley's fiduciary duty as trustee conflicts with his duty as the Receiver for the non-Debtor Defendants. To the contrary, the Committee perceives that the interests of Kelley as the Chapter 11 trustee, and the interests of Kelley as Receiver, have a single united purpose: to identify and preserve maximum value from the Petters assets for the benefit of creditors. The language of the District Court's Receivership Order itself reinforces this conclusion:

> The Receiver shall . . . manage, administer, and conduct the operations of the ongoing legitimate business operations of Defendants . . . including but not limited to filing any bankruptcy petitions for any of the entities *to protect and preserve the assets of any of the entities.* Any bankruptcy cases so commenced by the Receiver shall during their pendency be governed by and administered pursuant to the requirements of the United States Bankruptcy Code, 11 U.S.C. § 101, et seq., and the applicable Federal Rules of Bankruptcy Procedure.

See Receivership Order, at 15 (emphasis added). Based on this clear unanimity of interest, there is no conflict between Kelley's role as Chapter 11 trustee for the Debtors and his role as receiver for the non-Debtor Defendants.[2]

---

[1] Under 11 U.S.C. § 543, Kelley, in his capacity as Receiver, is required to turn over all property of the Debtors to the bankruptcy trustee. Under Judge Montgomery's Receivership Order, however, Kelley continues in his role as Receiver for the Petters Defendants who are not in bankruptcy. *See* Second Amended Order for Entry of Preliminary Injunction, Appointment of Receiver, and Other Equitable Relief dated December 8, 2008 (the "Receivership Order"), Doc. No. 127, *U.S.A. v. Petters et al.*, Case No. 08-cr-05348 (ADM-JSM) (D. Minn.).

[2] The Committee also notes that Page 13 of the District Court's Receivership Order provides that Kelley is appointed Receiver for the Defendants "until such time as real or perceived conflicts arise, at which time he will consult the Court to determine how to proceed."

5. Kelley Has No Role In Pursuing Criminal Restitution Or Forfeiture Proceedings On Behalf Of The Government.

Finally, any argument that a conflict exists based on the potential for forfeiture of assets (1) misconstrues Kelley's role as Receiver, and (2) is entirely speculative at this point in time. As described above, in his role as Receiver, Kelley's duty is to protect and preserve all available assets of the Defendants. The U.S. Attorneys Office, not Kelley, decides whether to pursue criminal or civil forfeiture proceedings, and Kelley is not the party who would commence such an action. Accordingly, Kelley has no role in pursuing asset forfeiture and no conflict exists in this area.

Further, it is completely unknown at this time whether any future forfeiture proceedings will be brought with respect to the assets of PCI, PGW or their subsidiaries. Accordingly, any potential conflict in this regard is entirely speculative and is not proper for determination at this time. In this respect, the case of *In re O.P.M. Leasing Services, Inc.*, 16 B.R. 932, 938 (Bankr. S.D.N.Y. 1982), is instructive. In that case, the debtor, O.P.M. Leasing Services, Inc. ("OPM"), was a large computer leasing and financing company that was charged with committing fraud against its creditors. *O.P.M.*, 16 B.R. at 934-35. In response to these allegations, the U.S. Attorney's office convened a grand jury to investigate the activities of OPM and its officers and directors. *Id.* at 935. The grand jury charged OPM's officers with a scheme to defraud nineteen lending institutions by fraudulently inducing them to purchase notes secured by fictitious and falsified financing documents. *Id.* In the midst of these allegations, OPM and its parent company, Cali Trading International, Ltd. ("Cali") filed for chapter 11 bankruptcy and the U.S. Trustee appointed a single trustee to serve as the Chapter 11 trustee for both companies. *Id.* at

---

See Receivership Order, at 13. Under this provision, should any future conflicts arise, Kelley is required to bring them to the attention of the District Court so they can be properly addressed at that time.

934-936. As between the two companies, OPM was the operating company and Cali, the parent company, had no operations, employees or management of its own and maintained its "place of business" in the offices of OPM. *Id.* at 935.

In response to the U.S. Trustee's appointment of a single Chapter 11 trustee to manage both debtors, a creditor argued that an impermissible conflict existed because (among other things) disputes existed as to how certain future assets of the estates (Jefferson Bank stock), if recovered by the trustee, should be distributed between the two bankruptcy estates. In response to this argument, the Bankruptcy Court determined that no present, actual conflict existed, but that there existed a "unity of interest and singleness of purpose" on the part of both debtors' estates to prevail in litigation to recover the stock for the estates. *Id.* at 938. With respect to any future dispute as to how the stock should be distributed between the two estates, the Court adopted a "wait and see approach" to determine whether a conflict actually existed:

> The possibility of [the Chapter 11 trustee] recovering the Jefferson Bank stock is also an insufficient basis for prophylactic action. Should [the trustee] be successful in recovering the Jefferson Bank stock and there is a genuine issue as to whether the Cali or OPM estates own the stock, the Court can be called upon to protect and allocate ownership interests amongst the competing bankruptcy estates. For that matter, "the apparent conflict of interest might be resolved in a number of ways, including the appointment of special counsel. It is only at this later time that the alleged conflict will reveal itself as real or merely apparent and imaginary. To act earlier in a preemptive manner could result in confusion and interruption of the orderly administration of the OPM and Cali bankruptcy proceedings and cause them to incur unnecessary great expense.

Id. at 939 (citations omitted). *See also Katz v. Kilsheimer*, 327 F.2d 633 (2d Cir. 1964); *In re Gilbertson Restaurants, LLC*, 2004 WL 1724878, *3 (Bankr. N.D. Iowa 2004); *White Glove*, 1998 WL 226781 at *4; *Global Marine*, 108 B.R. at 1004 (adopting similar "wait and see" approach to resolving speculative conflicts).

In this case, no present conflict exists that would disqualify Kelley from serving as Chapter 11 trustee in these cases. To the extent that Ritchie asserts a potential conflict that could arise in the future, these assertions are based on pure speculation and are unlikely to occur. Like the Court in *O.P.M.*, this Court should adopt a "wait and see" approach with respect to any speculative potential conflicts and address those issues if and when they actually arise.

CONCLUSION

As described in detail herein, no conflict exists in appointing Douglas A. Kelley as the sole Chapter 11 trustee for the Debtors in these cases. In the Committee's view, approving Mr. Kelley's appointment is in the best interest of the creditors, as it would avoid the unnecessary delay and disruption that would be caused by bringing a separate trustee or trustees, and new professionals, into these cases. In addition, approving Mr. Kelley's appointment would avoid duplicative administrative costs, protect the estates from inefficiencies caused by competition among multiple trusts, and nullify the possibility of inconsistent results. For these reasons, the Committee respectfully requests that the Court overrule Ritchie's objection and approve Mr. Kelley's appointment as the Chapter 11 trustee for all of the jointly administered Debtors in these cases.

Dated: January 23, 2009

FAFINSKI MARK & JOHNSON, P.A.

By: /e/ David E. Runck
Connie A. Lahn (#269219)
David E. Runck (#289954)
Flagship Corporate Center
775 Prairie Center Drive, Suite 400
Eden Prairie, Minnesota 55344
Telephone: 952.995.9500
Facsimile: 952.995.9577
Connie.Lahn@fmjlaw.com
David.Runck@fmjlaw.com

ATTORNEYS FOR THE OFFICIAL
COMMITTEE OF UNSECURED CREDITORS

UNITED STATES BANKRUPTCY COURT
DISTRICT OF MINNESOTA

In re:	**Jointly Administered under Case No. 08-45257**
Petters Company, Inc., et al.,	Court File No. 08-45257
Debtors.	
	Court File Nos.:
(includes:	
Petters Group Worldwide, LLC;	08-45258 (GFK)
PC Funding, LLC;	08-45326 (GFK)
Thousand Lakes, LLC;	08-45327 (GFK)
SPF Funding, LLC;	08-45328 (GFK)
PL Ltd., Inc.;	08-45329 (GFK)
Edge One, LLC;	08-45330 (GFK)
MGC Finance, Inc.;	08-45331 (GFK)
PAC Funding, LLC;	08-45371 (GFK)
Palm Beach Finance Holdings, Inc.)	08-45392 (GFK)
	Chapter 11 cases
	Judge Gregory F. Kishel

AFFIDAVIT OF ATTORNEY
DAVID E. RUNCK

STATE OF MINNESOTA)
) ss.
COUNTY OF HENNEPIN)

David E. Runck, being first duly sworn, states as follows:

1. I am an attorney duly licensed to practice law and admitted to practice before the State and Federal Courts of the State of Minnesota, and a attorney with the law firm of Fafinski, Mark & Johnson, P.A. ("FMJ"), with offices located at Flagship Corporate Center, 775 Prairie Center Drive, Suite 400, Eden Prairie, Minnesota 55344.

2. Attached hereto as Exhibit A is a true and correct copy of the Federal Grand Jury Indictment filed on December 1, 2008, Doc. No. 79, in the case of *U.S.A. v. Petters et al.*, Case No. 08-cr-00364 (RHK/AJB), that is currently pending in the United States District Court for the District of Minnesota.

3. Attached hereto as Exhibit B is a true and correct copy of the Second Amended Order for Entry of Preliminary Injunction, Appointment of Receiver, and Other Equitable Relief issued on December 8, 2008, Doc. No. 127, in the *U.S.A. v. Petters et al.*, Case No. 08-cv-05348 (ADM/JSM), that is currently pending in the United States District Court for the District of Minnesota.

FURTHER YOUR AFFIANT SAYETH NOT.

Dated: January 23, 2009

FAFINSKI, MARK & JOHNSON, P.A.

By: /e/ David E. Runck
David E. Runck
400 Corporate Flagship Center
775 Prairie Center Drive
Eden Prairie, Minnesota 55344

Subscribed and sworn before me
this 23rd day of January, 2009

Notary Public

AONG MOUA
Notary Public-Minnesota
My Commission Expires Jan 31, 2012

UNITED STATES BANKRUPTCY COURT
DISTRICT OF MINNESOTA

In re:	**Jointly Administered under Case No. 08-45257**
Petters Company, Inc., et al.,	Court File No. 08-45257
Debtors.	
	Court File Nos.:
(includes:	
Petters Group Worldwide, LLC;	08-45258 (GFK)
PC Funding, LLC;	08-45326 (GFK)
Thousand Lakes, LLC;	08-45327 (GFK)
SPF Funding, LLC;	08-45328 (GFK)
PL Ltd., Inc.;	08-45329 (GFK)
Edge One, LLC;	08-45330 (GFK)
MGC Finance, Inc.;	08-45331 (GFK)
PAC Funding, LLC;	08-45371 (GFK)
Palm Beach Finance Holdings, Inc.)	08-45392 (GFK)
	Chapter 11 cases
	Judge Gregory F. Kishel

UNSWORN CERTIFICATE OF SERVICE

I, Aong Moua, declare under penalty of perjury that on January 23, 2009, I caused the following documents:

1. Response of the Unsecured Creditors Committee to Objection to the Appointment of Douglas A. Kelley as Chapter 11 Trustee

2. Affidavit of David E. Runck (with exhibits A and B)

to be served electronically with the Clerk of Court through ECF, and ECF will send an e-notice of the electronic filing to the following:

Marc A. AL maal@stoel.com, jlhanson@stoel.com,cjbishman@stoel.com

Carolyn G. Anderson cga@zimmreed.com, kmc@zimmreed.com,mbk@zimmreed.com

Richard D. Anderson randerson@briggs.com

Daniel C. Beck dbeck@winthrop.com, tcooke@winthrop.com

Johnathan C. Bolton jbolton@fulbright.com, arodriguez@fulbright.com

Cynthia A. Bremer cbremer@fulbright.com, pjjackson@fulbright.com

Zack A. Clement zclement@fulbright.com, arodriguez@fulbright.com

Barbara Jean D'Aquila bdaquila@fulbright.com, pjjackson@fulbright.com

Michael S. Dove mdove@gislason.com, KGleisner@gislason.com;JBurgau@gislason.com

Michael Fadlovich michael.fadlovich@usdoj.gov

Michael D. Gordon mgordon@briggs.com

Wesley T. Graham wgraham@hensonefron.com, cfisher@hensonefron.com

Brian C. Gudmundson bcg@zimmreed.com

J Jackson jackson.j@dorsey.com

James M. Jorissen jjorissen@losgs.com, vrittenbach@losgs.com

Mark J. Kalla kalla.mark@dorsey.com, jorgensen.karen@dorsey.com

Douglas W. Kassebaum dkassebaum@fredlaw.com, scharter@fredlaw.com

Lorie A. Klein klein@moss-barnett.com, montpetitm@moss-barnett.com

Ronn B. Kreps rkreps@fulbright.com, pjjackson@fulbright.com

Thomas Lallier tlallier@foleymansfield.com

Chris T. Lenhart lenhart.chris@dorsey.com

Brian F. Leonard bleonard@losgs.com

David B. Levant dblevant@stoel.com, sljaggers@stoel.com;sea_docket@stoel.com

James A. Lodoen jlodoen@lindquist.com, gluessenheide@lindquist.com

Andrew S. Nicoll anicoll@jenner.com

David Bradley Olsen dolsen@hensonefron.com, cfisher@hensonefron.com

Ronald R. Peterson rpeterson@jenner.com

Robert Raschke robert.raschke@usdoj.gov

Michael E. Ridgway mike.ridgway@usdoj.gov

Brandy A. Sargent basargent@stoel.com

Olufemi O. Solade osolade@fulbright.com, sbechtel@fulbright.com

John R. Stoebner jstoebner@lapplibra.com, rtri@lapplibra.com;lfrey@lapplibra.com

Michael S. Terrien mterrien@jenner.com

US Trustee ustpregion12.mn.ecf@usdoj.gov

In addition, I further hereby certify that on January 23, 2009, I caused the above documents to be sent to the following addresses via U.S. Mail:

District Counsel of IRS
650 Galtier Plaza
380 Jackson Street
St. Paul, MN 55101

Douglas A. Kelley, Esq.
Kelley & Wolter, P.A.
Centre Village Offices
431 South Seventh Street, Suite 2530
Minneapolis, MN 55415

City of Minnetonka
14600 Minnetonka Blvd
Minnetonka, MN 55345

Internal Revenue Service
30 East 7th Street
Stop 5700, Suite 1222
St. Paul, MN 55101

Minnesota Department of Revenue
Bankruptcy Section
P.O. Box 64447
St Paul, MN 55164

United States Attorney
600 U.S. Courthouse
300 South 4th Street
Minneapolis, MN 55415

Internal Revenue Service
P.O. Box 21126
Philadelphia, PA 19114

Petters Company, Inc.
4400 Baker Road
Minnetonka, MN 55343

Dean and Michelle Vlahos
294 Grove Lane E
Suite 113
Wayzata, MN 55391

Dated: January 23, 2009

/s/ Aong Moua

Paralegal
Fafinski Mark & Johnson, P.A.
400 Flagship Corporate Center
775 Prairie Center Drive
Eden Prairie, MN 55344
Telephone: (952) 995-9500
Fax: (952) 995-9577